

# Memorandum

To: Panel Members Date: September 26, 2001

From: Ron Tagami, Manager  
Peter DeMauro, General Counsel File: Goodrich VI130agr

Subject: One-Step Agreement for **Goodrich Corporation - Carbon Operations**  
www.Goodrich.com)

## CONTRACTOR:

- Training Project Profile: Retraining: companies w/out-of-state competition
- Legislative Priorities: Moving to a High Performance Workplace Promotion of California's Workforce
- Type of Industry: Manufacturing
- Repeat Contractor: Yes
- Contractor's Full Time Employees:
  - Company Wide: 23,000
  - In California: 5,000
- Fringe Benefits: Yes
- Union Representation: Yes
- Name and Local Number of Union representing workers to be Trained: N/A

## CONTRACT:

- Program Costs: \$44,320
- Substantial Contribution: \$0
- Total ETP Funding: \$44,320
- In-Kind Contribution: \$101,000
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Los Angeles
- Duration of Agreement: 24 Months

**TRAINING PLAN:**

- Average Cost Trainee:                      New Hire:                      Retrainee: \$1,583
- Type(s) of Training:                      Continuous Improvement, Business Skill Management Skills
- Number to be retained:                      New Hire:                      Retrainee: 28
- Range of hours:                      84 - 200
- Range of hourly wages:                      \$16.53    to    \$57.17
- Prevalent hourly wage:                      \$29.00
- Weighted average hourly wage:                      \$29.84
- Health benefits used to meet ETP minimum wage:                      No

**SUBCONTRACTORS:**

Alamo Learning Systems, San Ramon, California - \$17,360 - to provide Continuous Improvement training

**THIRD PARTY SERVICES:**

The California Manufacturing and Technology Association (CMTA) assisted in the development of this agreement at no cost to The Goodrich Corporation.

**PRIOR PROJECTS:**

The following are completed project statistics for ETP Agreements with this Contractor within the last five years:

Agreement No.	Location (City)	Term	Agreement Amount	Amount Earned	% Earned
ET6-0008**	Riverside	7/1/95-6/30/97	\$25,050	0	0
ET6-0154*	Chula Vista	2/29/96-2/28/98	\$487,030	\$199,650	41%
ET9-1043***	Riverside	5/10/99-5//9/01	\$904,320	\$167,281	18%

\*ET6-0154 was a single employer supplier agreement where material supplier subcontractors were trained. Some of the suppliers who initially committed to the training plan were unable to release their employees for training.

\*\*ET6-0008 was designed to introduce training in cell manufacturing. Due to workforce reductions at that time, and a reassessment by the company, the training was never implemented.

\*\*\*ET9-1043 was developed as a phased agreement. Phase I consisted of training 80 key production staff in Dale Carnegie leadership training as a means of enhancing the introduction of Continuous Improvement at the Riverside plant. All 80 trainees successfully completed the Phase I training. In 12/99, the Contractor submitted an Amendment to the agreement to implement Phase II; however, performance for this agreement was affected by the company's total reorganization in 8/00. The company states that 180 trainees (26% of planned completions) were retained for the 90-day retention period. Contractor states that the final closeout has not yet been completed.

### **ACTIVE PROJECTS:**

The following are current project statistics:

Agreement No.	Term	Agreement Amount	Number To be Retained	Number Enrolled	Number Completed Training	Number retained for 90 days
ET01-0292*	05/07/01-05/06/03	\$600,118	483	44	0	0
ET01-0373**	06/30/01-06/29/03	\$701,350	1,000	0	0	0

Training on these projects (\*Riverside facility, - \*\*Chula Vista facility) has just begun. Enrollments and training are progressing as planned.

### **NARRATIVE:**

This project was brought to the Panel's attention through the marketing efforts of the California Manufacturers Technology Association. The Goodrich Corporation, located in Charlotte, North Carolina, operates six facilities in California, as well as facilities in twenty-six other states and fourteen other countries. Goodrich employs over 23,000 full-time workers worldwide with 5,000 California employees. There are 151 full-time workers at the Santa Fe Springs site, which originally belonged to a company called Super-Temp. Super-Temp was instrumental in developing several high-temperature technologies, and the Santa Fe Springs site, in continuous operation since 1961, was home to the first commercial application of carbon composite brakes. As the market grew, BF Goodrich acquired Super-Temp in 1978. (The Goodrich Corporation, prior to a name change on June 1, 2001, was known as BFGoodrich.)

The Santa Fe Springs facility (Goodrich California – Carbon Operations) is part of the Aircraft Wheels and Brakes division of the Landing Systems Group of the Aerospace Segment of the Goodrich Corporation. It produces high-temperature composite materials for use in engine applications, airframes, thermal management technologies, and carbon brake components for commercial and military aircraft, trains, the Space Shuttle and high-speed racecars.

The aircraft parts manufacturing industry remains extremely competitive. Because the cost of doing business continues to climb in California, Carbon Operations must learn to operate at optimum efficiency by focusing its efforts on implementing practices that support customer demands for faster delivery of products at a lower cost. Inventory and waste must be reduced and production quality improved. Carbon Operations management believes that leading companies in the Aerospace industry will be those that can sustain growth in proprietary products, possess innovative technology, and have the expertise within their workforce to manufacture products that require sophisticated and precise manufacturing capabilities.

Processes within the industry are becoming more complex and competition in the marketplace is increasing. As a result, development of the workforce is instrumental to Carbon Operations achieving its business objectives and becoming a high performance workplace. ETP funded training will impact the plan for process and quality improvements by providing better analytical, problem solving, and

communications skills among quality, technical and engineering personnel. Continuous Improvement training will enable trainees to set goals, understand team-oriented productivity, and assume greater responsibility. Management Skills training will prepare Management trainees to manage, facilitate, and mentor others to achieve desired results and improved performance. All trainees will learn communication skills to enhance work teams interactions.

The training outlined in the agreement will provide workers with the necessary skills to identify and initiate process improvements, and routinely apply these improvements. This, in turn, will allow Carbon Operations to be more competitive, reduce operating costs and enhance customer service.

Goodrich Corporation - Carbon Operations' staff will be responsible for project administration.

No senior level managers and/or executive staff who set company policy will be enrolled in the ETP funded training Agreement.

### **Supplemental Nature of Training**

The Contractor states that Goodrich Corporation - Carbon Operations has been active in training its employees in past years. Although most training for new employees is accomplished through job shadowing or the "buddy" system, the company has provided more formal classroom training to quality personnel, engineers, technicians and managers on the basic fundamental operations. This training includes: Standard Operations Procedures, Performance Assessment Systems and New-Hire Orientations. This training was designed to provide basic instruction on how to perform various tasks, functions and equipment operations.

With ETP funding, Goodrich will be able to provide a comprehensive program aimed at the development of more complex processes with the goal of helping the company become a high performance workplace, which consistently reaches productivity goals.

In the two-year period following the ETP funded training, Goodrich -Carbon Operations will continue to provide instruction in Standard Operations Procedures, Safety and New-Hire Orientation to its employees. Carbon Operations is also committed to investing funds for additional training for employees to further improve their skills and performance.

### **In-Kind Contribution**

The total estimated employer contribution is \$101,000. This contribution consists of \$89,100 in trainee wages, and \$12,000 to pay for the training of employees not covered in the ETP agreement.

### **PROPOSED ACTION:**

Staff recommends that the Panel approve the One-Step Agreement if funding is available and the project meets the Panel priorities. This recommendation is based on the need as stated by Goodrich Carbon Operations to provide its employees with the skills to remain competitive. The implementation of this proposed training will enable the company to remain viable in the California economy.

Training Data									(c) Payment Schedule				
1	2	3	4	5 (a) Cls/Lab Video- conf. Hours	6 CBT Hours	7 (b) SOST Hours	8 Cost Per Trainee	9 Total SOST Trainer Hrs.	10 Hrs. to Enroll/ Pay 1 Enroll	11 Pay 2 Compl	12 Pay 3 Hired	13 Pay 4 After 90 Days	14 (d) Wage After Reten- tion
Job #	Occupations	Type of Training	No. Retain										
1 687	Manager	Direct-Employer,	10	50		34	\$922	34	8	\$ 230.50	\$ 461.00	\$ -	\$ 230.50
		Retrainees		28		28		28					\$28.48 -
		Management Skills		16									57.17
		Continuous Improvement		6		6		6					
2 687	Technician, Engineer, Quality Specialist	Direct-Employer,	18	70		130	\$1,950	234	8	\$ 487.50	\$ 975.00	\$ -	\$ 487.50
		Retrainees		64		128		230					\$16.53 -
		Continuous Improvement		6		2		4					37.59
		Business Skills											

### Contract Totals

<b>Program Cost</b>		\$44,320	<b>Total to be Retained</b>	28
<b>Substantial Contribution (___%)</b>	(-)	\$0		
<b>Multiple-Empl. Support (___%)</b>	(+)	\$0		
<b>TOTAL ETP Funding</b>	(=)	\$44,320		

(a)Advanced Technology must be provided as class/lab.

(b)Figures for calculation purpose only.

(c)For Welfare to Work: Pay 2=50% Completion hrs. Pay 3=100% Completion hrs.

(d)Wages by occupation on Comment Page.

Turnover Rate	% of Mgrs. & Sups. to be trained		Health Benefits Inc. in Wage?		
17.6%	N/A		No		

Location of training: All training will be held on company premises in Santa Fe Springs, CA during work hours.

Ratios: The ratio of trainers to trainees for class/lab training shall not exceed 1:20 for retrainees.

If Health Benefits is "YES", please explain:

Other notes:

(d) Wages by occupation after retention:

<u>Occupations</u>	<u>Wage Range</u>
Manager	\$26.48 - 57.17
Technician	\$20.27 - 25.27
Engineer	\$20.19 - 37.50
Quality Specialist	\$16.53 - 18.70